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Linda McCulloch
Superintendent

April 4, 2003

To: House Appropriation Committee

From: State Superintendent Linda McCulloch

Subject: PRELIMINARY FY04 ESEA TITLE I ALLOCATIONS

Earlier this week, school districts across Montana received preliminary allocations from the Office of Public Instruction for the federal education programs reauthorized by President Bush's No Child Left Behind Act of 2001.

These federal programs are:

- Title I, Part A – Improving Basic Programs
- Title II, Part A – Teacher and Principal Training and Recruiting Form
- Title II, Part D – Educational Technology
- Title IV, Part A – Safe and Drug-Free Schools and Communities
- Title V, Part A – Innovative Programs

I want to share some information with you about these preliminary allocations and how they affect our schools.

- **FY2004 is the first school year that Title I allocations are based on Census 2000 data.**

Beginning FY04, Title I allocations to Montana school districts will be based, for the first time, on the Census 2000 population and poverty data. The U.S. Department of Education (DOE) has not yet provided district-by-district allocations of FY04 Title I funds to OPI.

To assist districts with planning their FY04 budgets, OPI did a preliminary analysis of Census 2000 population and poverty data to determine which districts will be newly eligible for Title I funds (41 districts) and which districts will no longer be eligible (41 districts). (It is coincidental that the number of newly eligible districts is the same as the number of districts that are no longer eligible.) Districts have been notified of any changes in their eligibility.

- **Preliminary allocations for Title I, Part A were set at a "hold harmless" amount, which is the minimum amount that any district will receive.**

In order to provide districts with an estimate of their FY04 Title I allocations, OPI was instructed by the DOE Title I office to:

- Determine each district's Title I eligibility based on the new poverty data
- Then estimate an FY04 entitlement by applying the district's "hold harmless" percent (85, 90 or 95%) to the district's FY03 entitlement amount.

This process gives the district the lowest, or minimum, amount it can expect to receive from Title I in FY04, provided it is still eligible. For the newly eligible districts, OPI estimated an amount based on the amount received last year by other districts with similar poverty counts and populations.

- **Districts are concerned about how the new Census data will affect allocations.**

OPI has indicated to districts that the preliminary Title I amounts are "hold harmless" amounts. However, many districts are justifiably concerned about how the new Census data will affect them. While the U.S. Department of Education has indicated that another \$8 million will be allocated when the Title I allocations are finalized, we will not know how individual districts will be affected until the U.S. Department of Education notifies OPI of the state's grant award and the individual district allocations. (Preliminary allocations total \$29.7 million, but we expect to distribute closer to \$ 37.7 million.)

- **Title I allocations are expected to be finalized in June 2003.**

OPI is expecting to receive the final district Title I allocations from the U.S. Department of Education in June. When final allocations of Title I funds are completed, we anticipate there will be some significant shifts based on the Census 2000 population and poverty data, but we don't know yet which districts will be affected.

I realize how frustrating this situation can be for school districts that are developing budgets for the upcoming school year. I assure you that my staff and I will continue to keep schools apprised of DOE information as soon as we receive it.

I understand that many members of the House Appropriations Committee have received correspondence from school districts about the preliminary federal allocations. I hope that the information contained in this letter is useful to you, especially as you receive correspondence regarding Senate Bill 323 (the Governor's school funding bill). Please contact Nancy Coopersmith at 444-5541 or Madalyn Quinlan at 444-3168 if you have any questions.